



News Release

20 June 2016

SGX launches Sustainability Reporting Guide and rule; will provide training and tools to companies

Singapore Exchange (SGX) today introduced sustainability reporting on a “comply or explain” basis. SGX will invite company CEOs to a briefing for clarity and understanding of the new requirement and organise training for all listed companies to build their reporting capability.

SGX is working with Global Compact Network Singapore (GCNS) to organise training workshops by sustainability reporting consultants. SGX is also planning other initiatives including an online portal. Details will be out shortly.

Loh Boon Chye, CEO of SGX, said, “SGX supports our listed companies’ efforts to meet the growing interest in sustainability from shareholders and potential investors worldwide. The annual reporting of non-financial information will enhance the visibility of SGX-listed companies among investors who seek sustainable investment and want to review a company’s environmental, social and governance (ESG) efforts.”

SGX consulted on the sustainability reporting requirement at the start of 2016 and received strong support for the “comply or explain” framework. After carefully considering the feedback received, some changes to the Sustainability Reporting Guide and the requirement were made. The feedback received and SGX’s responses can be found [here](#).

The main changes are as follows:

- Giving companies up to 12 months from the end of the financial year to publish their first report. This takes effect for any financial year ending on, or after, 31 December 2017.
- Instead of a compliance statement, the Board statement to be included in the report describes the company’s sustainability actions.
- The materiality principle will be applied when determining whether an ESG factor should be reported on. Factors like corruption and diversity, if assessed to be immaterial by companies, may be excluded. Companies are however advised to present information on these factors on their websites to satisfy stakeholder interest.

Key features of the sustainability reporting requirements are:

- Companies have to publish a sustainability report at least once a year, no later than 5 months after the end of each FY.
- The report should describe the sustainability practices with reference to five primary components: material ESG factors; policies, practices and performance; targets; sustainability reporting framework; and the Board statement.

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- If a company excludes a primary component, it must describe what it does instead with reasons for doing so. Full details of the sustainability reporting rule and Guide are found [here](#).
- The sustainability report will be based on the principles set out in the Guide which include, among others, providing an accurate and balanced view of the risks and opportunities in a concise manner.
- SGX does not advocate a particular sustainability reporting framework; companies should carefully select an appropriate framework for their business model and industry. Reports do not require external assurance though companies which have been reporting for several years may find it useful to do so.

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About Singapore Exchange

Singapore Exchange is Asia's leading and trusted market infrastructure, facilitating the exchange of capital and ideas to create value for people, businesses and economies. As a multi-asset exchange operating equity, fixed income and derivatives markets to the highest regulatory standards, SGX is a vertically integrated business that provides listing, trading, clearing, settlement, depository and data services.

With about 40% of listed companies and 90% of listed bonds originating outside of Singapore as well as established linkages across the region and in Europe, SGX is Asia's most international and connected exchange. Offering a full suite of derivatives products across Asian equity indices, commodities and currencies, SGX is the world's most liquid offshore market for the benchmark equity indices of China, India, Japan and ASEAN.

The exchange was one of the first globally to adopt the Principles for Financial Market Infrastructure, the first and only central counterparty in the region to be fully approved by U.S. regulators as a Derivatives Clearing Organisation and a Foreign Board of Trade, and is recognised by European Union regulators for both securities and derivatives.

As Asia's pioneering central counterparty, SGX is globally recognised for its risk management and clearing capabilities. In 2015, SGX was awarded Derivatives Exchange of the Year by Asia Risk, Futures and Options World and Global Capital as well as Central Counterparty (CCP) of the Year by Asia Risk.

Headquartered in AAA-rated Singapore, SGX has over 700 employees including offices in Beijing, Hong Kong, London, Mumbai, Shanghai and Tokyo. For more information, please visit www.sgx.com.

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